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S E C R E T SECTION 01 OF 10 RIYADH 000212

SIPDIS

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NSC FOR MALVESTI AND KIFAYAT
TREASURY FOR HEFERNAN AND GLAZER

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TAGS: [PREL](#) [EFIN](#) [CVIS](#) [KTFN](#) [PTER](#) [GCC](#) [SA](#)
SUBJECT: SCENESETTER FOR APHSCT TOWNSEND VISIT TO SAUDI
ARABIA, 5-8 FEBRUARY 2007

Classified By: AMB James C. Oberwetter for reasons 1.5 (b) and (d).

1. (S) Ambassador Oberwetter and the entire US Mission in Saudi Arabia warmly welcome you back to Riyadh. As you have witnessed during the course of your many visits to the Kingdom, our bilateral relationship is developing into robust, multi-faceted cooperation. One indication of this was King Abdullah's private, and FM Saud al-Faisal's public, support for the President's Iraq plan. The Saudi leadership is deeply distrustful, however, of PM Maliki, and they cite Maliki's timing of Saddam's execution as willfully endangering Muslim pilgrims during the Hajj. The King appreciated Secretary of Defense Gates' visit here in January, on Secretary Gates' first international trip after his confirmation. The Saudis are also pleased with Secretary Rice's intensive engagement with the Palestinians and Israelis on the peace process. They agree with us on the Iranian threat, though as a neighbor of Iran's they have taken a very cautious public line on Iran. Nevertheless, the Iranian threat provides another strong incentive for the Saudis to work closely and quietly with us on the full range of bilateral issues.

2. (S) Counterterrorism cooperation includes the important new element of intensive engagement on energy infrastructure protection. The December 2006 MOU signed by Prince Muhammad bin Nayef and State U/S Joseph provides a framework to develop, manage, and jointly implement a total-systems solution to improve security at Saudi Arabian petroleum facilities. The Joint Working Group will meet in Riyadh on March 4 to move beyond assessment visits to prepare recommendations on procurements and site security upgrades.

3. (S) On counterterrorism financing, we see little progress on the SAG's efforts to establish the National Commission for Relief and Charitable Work Abroad. The MOI did issue a media campaign during the Hajj warning the Saudi public not to donate to unlicensed charities. The SAG Customs has yet to implement and enforce their cash declaration law.

4. (S) The Saudi leadership acknowledges privately that the war on terrorism will not be won for many years. The MOI remains on very high alert; Prince Muhammad bin Nayef speaks of ongoing serious threats coming from Iraq and concerns of potential new threats from Iran. Counterterrorism is seen in the MOI and throughout Saudi society as much a campaign of ideas and education as it is a military intelligence and law enforcement offensive. The SAG continues an ambitious media and public education campaign to dissuade Saudis, particularly the young, against the extremist message. However, intolerant language remains in Saudi textbooks, and youth are still exposed to extremist ideologies through summer camps, in mosques and in the media.

International Islamic Relief Organization

5. (S/NF) The IIRO Eastern Province branch office remains closed pending an ongoing MOI investigation. The MOI informed U.S. intelligence sources that on approximately July 10, 2006 Al-Mua'jjil's bank accounts were frozen and travel

restrictions were placed on him. According to the MOI, the SAG does not have enough evidence to arrest or detain him at this point in time. Other than freezing Al-Mua'jjil's bank accounts and restricting his travel, the SAG does not plan to take further action.

AL HARAMAIN ISLAMIC FOUNDATION

16. (S/NF) In 2004, the SAG shut down Al Haramain's operations in the Kingdom. Subsequently, Al Haramain has reemerged worldwide under multiple names. Single source reporting indicates Al Haramain was renamed/replaced by Dar al-Salaam, and has transferred funds to an NGO in Nigeria, where the funds were diverted to militant groups for the purchase of weapons and to disrupt oil production in Nigeria. Dar al-Salaam, according to the same source, sent funds to Al-Ittihad al-Islami (AIAI) in August 2006. One Dar al-Salaam senior official was reported to be former Al Haramain Director, Sheikh Sa'id bin Wahf al-Qahtani. Dar

RIYADH 00000212 002 OF 010

al-Salaam also provided Hassan Dahir Aweys, leader of the Islamic Courts Union in Somalia and an AIAI Colonel with multiple ties to Al-Qa'ida, with over USD \$200,000 from February-April 2006. In early January 2007, Mabahtih informed BMP that it had no information on Dar al-Sallam and could not locate its office or employees.

CHARITIES COMMISSION

17. (S) The SAG proposal to establish a Charities Commission remains in the Shura Council. Embassy has raised this issue in December and January meetings at the Ministries of Interior and Foreign Affairs, urging SAG engagement on this long overdue measure and noting that its establishment was announced publicly over two years ago. The Ministry of Foreign Affairs counterterrorism coordinator explained to us the difficulty in combining Shar'ia law and Western legal principles. In a January 25 meeting with the senior officials of the Saudi Arabian Financial Intelligence Unit (SAFIU, which is part of the MOI), Embassy was told there is debate within the Shura Council as to whether the Commission should be a public or private entity. Ultimately, according to the SAFIU, it will likely be a combination public/private commission, with mostly private sector members appointed by the SAG and with some government oversight.

18. (C) There is one recent encouraging sign of increased SAG supervision of charities: the public warnings to all Saudis not to donate to unlicensed charities during the Hajj. The MOI spokesman issued a public warning which was a headline in the local newspapers during the Hajj. Embassy Econ Specialist (who performed the Hajj this year) reported that Saudi fund raisers in Mecca during the Hajj were displaying their Ministry of Social Affairs license numbers to show they were legal. Dr. Saad al-Jabri, MOI Advisor to Muhammad bin Nayef, told EconCouns that he would prepare a report to give to APHSCT Townsend on regulation of charities during the Hajj.

CASH COURIERS

19. (C) Saudi financiers of external terrorist/extremist groups are suspected of personally carrying cash outside of Saudi Arabia into banking or hawala centers such as Manama and Dubai. SAG regulations require individuals carrying funds in excess of \$16,000 to declare the funds to Saudi customs officials upon entering/exiting the Kingdom. SAG Customs has the legal authority to enforce the cash declaration law but generally does not. Officials recently reported that Customs will implement restrictions by this summer, following an extensive public information campaign (TV and billboard ads) and additional training.

FINANCIAL INVESTIGATION UNIT (SAFIU)

-----QQ(S) QIU, and SaudQbanks continue to have QQapping roles and blurred responsibilities. SAFIU - comprised of Mabahith, GIP, and SAMA offQQis responsible for investigating bank accounts associated with subjeQs of Mabahith and GIP terrorism investigations. However, the redundancy and inefficiency of these financial organizations often prevent salient information from reaching

the appropriate Mabath and GIP investigators. In a terrorism case, for example, a Mabath or GIP officer sends a suspect's name and/or other piece of identifying information to his counterpart at SAFIU for investigation. The SAFIU officer makes an official request to the appropriate SAMA representative, who sends the request to sixteen Saudi banks, each of which addresses the request differently. Submitting requests through the JTTF adds an additional layer to this process.

11. (C) In December 2006, the FBI, working with the Embassy ECON section, conducted training for the SAFIU geared towards basic analytical and investigative techniques for terrorism finance and money laundering investigations. The SAFIU investigates investment groups and investment mechanisms for terrorism finance as well as financial transactions stemming

RIYADH 00000212 003 OF 010

from travel agencies in the Kingdom. The SAFIU appears to be in the midst of a personnel reorganization and a redefinition of its operations and goals. SAFIU Director Dr. Saud Al-Muried was recently removed; we do not yet know who will replace him. The Consultancy Division, an independent unit under the SAFIU tasked with getting the SAFIU on par with other functional FIUs, was dismantled.

12. (C) The US Treasury FinCEN informed the SAFIU in early December that the USG would not be able to sponsor the SAFIU for 2007 Egmont membership, due largely to the inability of FinCEN to gain access to banking sector representatives without the supervision of SAMA officials. As a result, the SAFIU is even more focused in obtaining the necessary training to become a 2008 Egmont candidate, and Embassy remains engaged with it. FinCEN remains committed to act as a co-sponsor in helping the SAFIU meet international standards, along with Cyprus and Lebanon.

JTTF

13. (S) The JTTF has since your visit in November.

During these meetings, participants discussed the "Bridge" case; former Al-Qaida operative Muhammad 'Abdallah Abdan al-Ghamdi, who is currently in custody, ran a scheme with his partner Muhammad Qassim al-Ghamdi to raise millions that were invested in the Spain-registered Bridge Company. The end use of this money is unknown, but Muhammad 'Abdallah and Muhammad Qassim are suspected of illicit finance activities. In the past month, Mabath has arrested a number of suspicious individuals associated with both al-Ghamdis but has yet to indicate whether they comprise a terrorism cell or planned to conduct nefarious activities. This information is being passed through regular liaison channels to ensure a thorough investigation on both the U.S. and Saudi sides. FBI and BPM have not received responses to several requests for bank account data associated with terrorism finance cases that have been raised through the JTTF.

RADICAL INCITERS AND FACILITATORS

14. (S/NF) Post fully supports the aim of this Initiative to deter radical ideological support for terrorists by ensuring some of its headline exponents (who are also financing or otherwise facilitating terrorists) are sanctioned by the UN 1267 Committee. But a USG public affairs posture that stresses the ideological support, rather than the evidence of financing or recruiting that is unquestionably sanctionable under current interpretations, could play into the hands of the extremists, and lead to a lessening of SAG support.

15. (S/NF) The SAG has its own ongoing program to deter radical clerics from their radical preaching and teachings in the Kingdom, which the SAG sees as successful. This program has three goals: 1) to monitor radical clerics; 2) co-opt radical clerics; and 3) remove the clerics deemed to be un-cooperative. Our initiative should be closely coordinated with the Saudis, especially when it comes to designating Saudi individuals. We fully support prioritizing extremist imams and inciters of terrorism, who also qualify for designation under the UNSCR 1217, as long as we closely coordinate through liaison channels with the SAG and coordinate with post on the public affairs aspects of this designation.

16. (C) During King Abdullah's national tour in June, he delivered a speech on tolerance to 70,000 people in the Qassim region that was widely seen as a rejection of calls by religious conservatives to slow down the reform process. This speech appears to have curbed the increasingly aggressive and open "counter-reformation" movement among certain conservative media and religious circles. Since June, there have been no open letters to the government relating to domestic religious policies.

RIYADH 00000212 004 OF 010

17. (S) One of the SAG's policies to combat extremism is to ensure that the imams preach messages of tolerance and peace, not of violence and extremism. To this end, the Ministry of Islamic Affairs continued with its imam training and monitoring programs. The media reported in late September that 2,160 imams had been identified as having delivered intolerant sermons and sent for refresher training. Additionally, 2,000 imams were reportedly relieved of their duties due to their extremist preaching. This training and the dismissals follow thousands of others during the course of the year. Despite this progress, there were reports that extremist lecturers taught youth during the summer camps hosted by Islamic charities despite strict regulation by the Ministry of Islamic Affairs and other SAG ministries. In addition, anti-Shia clerical rhetoric appears to have escalated over the past six months, largely in reaction to the Israel-Hizballah war and increasing tension with Iran. The charities claimed that their lecturers were prescreened and preapproved by the SAG, but that these types of lectures can still occur.

18. (U) The SAG also engages in reeducation programs for Guantanamo returnees, as well as youths returning from Iraq or caught trying to go to Iraq to pursue extremist actions there. These government-funded programs attempt to reengage the individuals in a religiously positive manner. The programs are for a limited time, after which the individual is free to seek employment, marriage, etc. as a productive member of society. Additionally, psychological services are often provided. When the individuals are youths, their family members are engaged to assist in the reeducation process. The reeducation programs became popular quickly, particularly near border areas, and the media frequently reports on stories of families calling the SAG to assist them with their problem children.

ENERGY INFRASTRUCTURE SECURITY

19. (S/NF) In response to the February 2006 attack on the Abqaiq refinery, the SAG has re-energized efforts to improve its energy infrastructure protection. In December 2006, Under Secretary of State Joseph signed a Memorandum of Understanding with Prince Muhammad bin Nayef to create a Joint Working Group on critical infrastructure protection. This JWG provide an ongoing framework to jointly develop, manage, and implement a total systems solution to improve security at Saudi Arabian petroleum facilities, including deploying a new MOI security force and mounting up a training academy.

20. (S/NF) In July 2006, SAG authorized 35,000 new full-time positions to staff an MOI Facility Security Force (FSF), of which it plans to hire 12,000 personnel within one year. In response to SAG requests, the USG coordinated two Oil Field Survey Consultation visits by Diplomatic Security physical security and blast experts and critical infrastructure experts from the Department of Energy, to Saudi Arabia in July 2006. The team visited and reviewed existing procedural and physical security at key petroleum infrastructure sites, including the Abqaiq oil processing facility, the Qatif pipeline junction, and the Ras Tanura port facility. They advised on programs/systems to secure the facilities, structuring security in the face of multiple attacks, implementing credible emergency response, and enabling rapid recovery systems in the event of an attack. The team made a number of specific security recommendations that the MOI and national oil company ARAMCO are working to implement. As part of this EIP effort, the MOI, the National Guard and Saudi Aramco are exploring the purchase of helicopters for detecting and interdicting attacks on oil installations.

¶21. (S/NF) On energy security cooperation with the SAG, a Department of Energy expert advisor arrived on January 16 for a 3 to 6 month TDY, to work with the SAG in enhancing long-term energy security. The MOI authorized site inspections for early February 2007, which will focus on the implementation of the July 2006 security recommendations at Abqaiq, Qatif Junction and Ras Tanura, as well as initial inspections of the industrial cities of Yanbu and Jubayl. The SAG agreed to host the next JWG meeting in Riyadh on March 4.

RIYADH 00000212 005 OF 010

In additional, a Saudi delegation comprised of MOI, Ministry of Petroleum and Saudi Aramco officials will visit the Security Training and Homeland Security Technology Center at Sandia National Labs this April. The MOI intends to visit to US Coast Guard Headquarters, US Coast Guard training sites, oil installations, and the El Paso Intelligence Center (EPIC).

¶22. (U) On February 7, APHSCT Townsend and her delegation will visit one of the Kingdom's critical energy installations, the Shaybah oil field, at the recommendation of King Abdullah. Shaybah currently produces 550,000 barrels per day, with an ambitious two-phase expansion plan: first, to add 200,000 barrels per day; second, to reach a total production of 1.2 million barrels per day, plus natural gas production (which will require building a gas pipeline across the Empty Quarter). Shaybah oil is Arabian Super Light, very valuable because of its low sulphur content. A primary attraction of Shaybah is its remote physical setting in Saudi Arabia's Empty Quarter, close to the Omani and Emirati borders. This visit will enhance understanding of the challenges that went into developing this field. The main camp facilities are surrounded by sand dunes that are 300-500 feet in height, with a distinct orange/red tinge due to high trace deposits of iron in the sand. Embassy is separately sending APHSCT Townsend a scenario for this site visit.

TEXTBOOKS

¶23. (S/NF) Intolerant language remains in Saudi textbooks and youth are still exposed to extremist ideologies through summer camps, in the mosques and in the media. Despite requests from post, the SAG has not provided post with copies of current textbooks in order to confirm that they no longer contain intolerant language. The SAG announced that it is engaged in a ten year effort to revise textbooks, curricula, and teaching methods. An April 2006 INR-contracted report, based on Embassy collection of dozens of 2003 Saudi textbooks, indicated intolerant language. A May 2006 Freedom House report based on 2005 textbooks also found that Saudi textbooks continued to carry intolerant language. We also continue to press the SAG to be transparent with us about education reform and encourage them to be forthright with NGOs, seeking more information about their education reform efforts.

FOREIGN FIGHTERS

¶24. (S/NF) Saudi Arabia remains a major source of foreign fighters and ideological support to insurgents in Iraq. Foreign fighters, including Saudis, typically carry enough cash on their persons to pay for their travel and documentation for entry into Iraq. Saudi security services continue to aggressively pursue the support networks tied to the movement of fighters to Iraq and South Asia.

BORDER PROTECTION

¶25. (S/NF) Border control remains a top priority for the SAG. Saudi leaders continue to be concerned about the porous border with Yemen and the potential for insurgents from Iraq to cross into the Kingdom. There are four initiatives at different stages of development.

-- The Government announced on September 26 that it would require five to six years to complete the construction of an "Iraqi border fence," complete with electronic sensing technology, that is estimated to cost USD 12 billion.

-- Another measure is the Border Guard Modernization Program, an MOI initiative to cover all of the Kingdom's borders. It will also employ a broad range of state-of-the-art

technological tools that will be employed from orbital (satellite), airborne, seaborne, and ground based platforms. In addition to the security concerns centered on the border with Iraq, this system will also address the mounting illegal immigration and the trafficking of contraband through the border with Yemen and across the Red Sea.

RIYADH 00000212 006 OF 010

-- The Mega-Ports program, which was well received by the SAG during a visit here in September, will include the employment of a system of radiation detection devices to monitor the export or import of radioactive materials into or out of the KSA.

-- A fourth initiative is a GCC-shared remote sensing satellite to provide intelligence, a USD \$500 million project called "Hudhud" and led in Saudi Arabia by a Brigadier General of the Ground Forces. To date only three of the GCC's six members (Qatar, the UAE, and the KSA) are participants.

REGIONAL ISSUES

¶26. (S) While Saudi leaders share U.S. concerns about regional conflicts, there is marked reluctance to cooperate openly with the U.S. on some of these issues -- particularly Iran. However, the SAG is taking an increasingly visible leadership role in moderating regional issues, calling for a revamping of the Arab League for greater efficacy, emphasizing Saudi Arabia's linchpin role in regional politics, encouraging peaceful Muslim unity, and visiting leaders throughout the region. The King has emphasized during every meeting with U.S. officials, including his December 16 meeting with Senator Bill Nelson (D-FL), the alignment of USG and SAG interests.

--Iran

¶27. (S) Every senior Saudi interlocutor from the King down has expressed growing concern about Iranian influence in the region -- especially Iranian attempts to develop nuclear weapons. The King has identified Iran as the "source of all problems" in the Middle East and along with other Saudi interlocutors, has urged the U.S. to take strong steps to address the Iranian problem. Although the Saudis previously argued for a nuclear-free Middle East that would include Israel, the GCC announced after its December 9-10, 2006 summit in Riyadh that it would explore the establishment of a nuclear program for "peaceful purposes." Saudi leaders in subsequent meetings have made it clear that the Kingdom would be vulnerable to a nuclear-armed Iran if the Saudis did not also possess a nuclear capability.

¶28. (S/NF) Despite Saudi concerns about growing Iranian influence and a nuclear-capable Iran, Saudi leadership has not taken any public steps or made public statements directed at limiting Tehran. While urging the U.S. to adopt strong measures, the SAG describes its own relations with Iran as "normal." The Saudis are clearly reluctant to take a public stand against Iran and will likely avoid making any public statements or taking public steps to rein in Iran's drive for regional superpower status, so long as they feel vulnerable to Tehran. It is also possible that their reticence is intended to buy them time to develop an independent Saudi nuclear deterrent. However, publicly, the Saudi Government has stated it wants to develop peaceful nuclear technology in concert with the GCC.

¶29. (S) On January 8, the Russian Embassy in Saudi Arabia confirmed that Russian President Putin will visit the Kingdom in February. This visit builds on a concerted and well-planned diplomatic and economic strategy devised by King Abdullah, begun while he was Crown Prince and continued as King, to reduce the KSA's reliance on the U.S. and broaden and strengthen Saudi Arabia's international and regional contacts and influence. The Saudis will likely prod yet another member of the Quartet to resolve the Palestinian-Israeli and Lebanese issues, as well as address developments in Syria. The visit will also support the Kingdom's efforts to strengthen ties with all five permanent members of the UN Security Council and almost all of Iran's neighbors. The timing of this visit is especially noteworthy given recent developments in Iraq and the continuing impasse over Iran's nuclear ambitions.

--Iraq

130. (S/NF) Prince Muhammad bin Nayef, during the January 30 visit of Amb Khalilzad to Riyadh, stressed to Khalilzad that

RIYADH 00000212 007 OF 010

PM Maliki was not trusted by the Saudi leadership. Maliki's decision to execute Saddam at the beginning of the Muslim eid, and during the hajj, with 3.8 million Muslims including 35,000 Iraqis gathered in a narrow place in Mecca, could have easily caused riots and led to the many deaths, Prince Muhammad said. He stressed that executing Saddam was right, but the timing and manner in which it was carried out showed that Maliki was a vengeful man. "Maliki didn't respect the hajj or his neighbors, and we don't respect him." Distrust of Maliki was also a theme of Khalilzad's January 30 meetings with King Abdullah and Prince Muqrin. On the other hand, the Saudi leadership is pleased with the President's speech announcing the plan for Iraq, and the initial indications of US action to counter Iranian support for the Shiite militias in Iraq, though we have yet to see any new public support for Iraq from Saudi Arabia. The SAG has agreed to participate in several multilateral efforts to support Iraq, to include increased cooperation on border control issues and, in conjunction with the U.S. and other regional players, the development of a strategy to rein in the Sunni insurgency.

131. (SBU) On January 28, Saudi Finance Ministry U/S Hamad Al-Baz,y told EconCouns that the SAG will send a letter of invitation to Iraqi Central Bank Governor Sinan Shabibi and Ministry of Finance Advisor Hassan Aziz to visit Riyadh to reconcile Iraq's USD 39 billion debt to Saudi Arabia once the USG has contacted Shabibi and Aziz to schedule this meeting which will probably be held in February. Al-Baz,y stressed that the final Saudi decision on debt forgiveness is political and that technical terms must be resolved. Iraq and Saudi Arabia are still negotiating a mutually acceptable figure for Iraqi debt. Iraq's adoption of the Compact could provide a strong justification for Saudi action on both aid disbursement and debt forgiveness.

132. (S/NF) Despite its organizational weaknesses, the GIP is at the center of Saudi commitments to various multilateral initiatives in support of Iraqi stability, which is becoming an integral part of its CT efforts. These initiatives have entailed a cooperative effort with the UAE and Jordan to bolster Iraqi security, as well as a willingness to host a conference of Iraqi Sunni oppositionists with the aim of persuading them to support the elected Iraqi government. The GIP has also offered to facilitate Iraqi access to Saudi programs aimed at rehabilitating former "jihadis." Despite these good intentions, the GIP appears to remain mired in organizational inertia, which does not inspire confidence in its ability to perform on these commitments.

133. (S) Saudi leaders are increasingly pessimistic of a peaceful resolution of the Iraq crisis. As noted above, they see Iraq as part of a broader regional struggle with Iran for dominance. Although Saudi policy on Iraq is not yet crystallized, some elements of the government appear committed to taking sides with Iraq's Sunnis should the situation deteriorate further. The vulnerabilities of the border the Kingdom shares with Iraq's al-Anbar Province were primary catalysts in the Saudi decision to construct a 550-mile fence and security boundary there. They were also considerations in the proposed Border Enhancement Program and Saudi support for the proposed Gulf Cooperation Council Hudhud Remote Sensing System. Although concerned about the potential for Iraq's sectarian violence to spill over into Saudi Arabia, the SAG is publicly maintaining a "no-interference" policy and remains committed to providing assistance to the Iraqi people.

134. (S) The SAG has made no progress in disbursing the USD one billion pledge of aid, trade credits, and concessional loans it made at the Madrid Donors Conference in October 2003. The SAG's rationale for this failure has evolved over the last twelve months from their original concern about the lack of security on the ground, to the argument that the Saudi Development Fund cannot release project development funds and other aid until the Iraqi government has in place national development priorities that are recognized by all Iraqi political elements.

135. (S) The SAG is interested in increasing Saudi-Iraqi cross-border trade over the long-term, but any discussion of a trade zone along the border now would have to address the Saudi concern about cross-border terrorist activity and the safety of Saudi nationals in Iraq. We have not had discussions with the SAG about such a proposal. Saudi import

and customs duties are already quite minimal, so the attraction to the Iraqis of such a proposal would have to be easier customs and immigration rules, always sensitive security issues for the SAG. Currently, all Saudi trade with Iraq transits through either Jordan or Kuwait.

--Syria

136. (S) Following the Lebanon crisis, a rift developed between Saudi Arabia and Syria. SAG leaders have made negative, less-than-subtle statements in the press about Syria, chastising it for its role in the Lebanon crisis and ties to Iran. The rift continues to grow, exacerbated by Syrian President Bashar Al-Assad's August speech in which he reportedly referred to Arab leaders who failed to support Hezbollah as "half-men." During a September 12 meeting with Ambassador Khalilzad, the King indicated that the Syrian "problem" is secondary to Iran, that where Iran goes, Syria will follow. However, the King more recently has been clear that Syria should not be discounted as a serious player in regional politics, even though it has degraded both economically and politically and effectively marginalized itself with its single party system.

137. (S/NF) Prince Muqrin, in an expansive mood during the January 30 Khalilzad visit, told us the King had turned off a proposed visit by President Bashar al-Assad to Riyadh. Muqrin cited the King as saying, "since we are only half-grown men, maybe we should wait until we are fully grown." Muqrin added that Bashar was a color-blind eye doctor who couldn't see red lines.

--Lebanon

138. (S) The SAG faced significant criticism -- both internally and externally -- resulting from the public's perception of the SAG's close ties with extremely unpopular U.S. policies towards Israel, Lebanon, Hezbollah, and the Palestinians. The SAG clearly walked back from its early public position on Lebanon in the face of this criticism, choosing to focus instead on Muslim unity and its position as the center of "Arabism." There remains a strong undercurrent of support among the population for Hezbollah and what is thought by many here to be a Hezbollah victory. The Saudis consistently voice concern about the possibility of renewed violence and continue to urge the U.S. to lead the push for resolution of the conflict.

139. (SBU) On January 28, Saudi Finance Ministry U/S Hamad Al-Baz, y told EconCouns that in response to Paris III the SAG pledged \$1 billion as a concessional loan to be channeled through the Saudi Fund and \$100 million as a cash grant for budget support. Al-Baz, y said that the SAG had delivered its pledges from summer 2006: USD 500 million as a grant for reconstruction projects, and USD one billion as a long-term deposit in the Lebanese Central Bank. Additionally, the Arab Monetary Fund had pledged USD 250 million, the Islamic Development Bank had pledged USD 250 million, the Arab Fund had pledged USD 700 million, and the UAE government had bilaterally pledged USD 300 million.

--Hamis and Fatah

140. (S) On January 28, King Abdullah invited Hamas and Fatah leaders to an emergency meeting in Mecca in order to end the current conflict in Gaza and the West Bank. The King said that the fighting is shameful, tarnishing the image of and support for the Palestinians, and only serving the enemies of the Muslim people. Subsequently, a SAG official said the meeting will most likely be held in Taif instead of Mecca so that Palestinian Christian leaders can attend. He said that the timing of the meeting is to be confirmed but it will be held before the Arab League summit on March 28. SAG officials have said that the Israeli/Palestinian conflict continues to be the linchpin of regional politics. There has been some renewed discussion by the Saudis of the Arab Peace Initiative, which was crafted by King Abdullah when he was Crown Prince. According to both the King and Foreign Minister Al-Faisal, Hamas has not acted in the best interests of the Palestinian people, nor has it convinced them that it can -- or would -- govern in their best interests. However, the Saudis also point out that Israel's continued "aggression" gives Hamas the excuse it needs to continue on its current path.

--Somalia

41. (S) Although the Saudis continue to emphasize their non-interference policy regarding the internal affairs of sovereign nations, senior officials have indicated support for Somalia's provisional government and the efforts of Ethiopian forces to secure Mogadishu. Advisor to King Abdullah and Saudi Ambassador-designee to the U.S. Adel Al-Jubair told DCM on December 26 that it is not in the Kingdom's best interest for Al Qaeda to establish a "new Afghanistan" in the Horn of Africa. On January 28, Saudi Finance Ministry U/S Hamad Al-Baz,y told EconCouns that Somalia,s security problem needed to be addressed before seeking new aid donations for it. Al-Baz,y recalled that in March 2006 the Arab League pledged USD 26 million, of which Saudi Arabia had contributed its portion, though he was not sure if this aid had been delivered.

REFORM

42. (S) King Abdullah appears committed to the incremental but steady implementation of a range of reforms. On October 20, he announced changes to the "Basic Law of 1992," which serves as Saudi Arabia's first written constitution, that will govern the selection of future kings. Under the new system, a council, not the king, will chose the next ruler. Voting will be done by secret ballot, and talent -- not age -- will be the principal qualification for accession to the throne. The primary purpose of the Allegiance Commission is to preserve the rule of the Al Saud; however, is yet another small -- but significant -- step towards more institutionalized and participatory government.

43. (S) The judiciary appears to be increasingly aware of the necessity for reform and is showing some signs of willingness to do so. There is increased media freedom, as evidenced by the recent publication in the press of a petition that was signed by 160 individuals (men, women, Sunni, and Shi'a). The petitioners were protesting an Internet campaign carried out by conservative elements against the Minister of Culture and Information for his reform efforts. There has also been some notable progress on women's rights. This includes recent decisions to grant women a more active role in business organizations, as well as access to employment sectors such as law and engineering. Women's empowerment is a central element of the SAG's 2005 five-year plan. While important changes are underway, there remains a significant portion of the population -- including some women themselves -- that is resistant to reforms in this area. Additionally, the SAG has faced pressure from conservative religious circles, including the issuance of a May 23 open letter signed by 61 religious conservatives, which for the first time, threatened advocates of reform with possible violence.

RELIGIOUS FREEDOM

44. (C) On December 29, 2006, forty nine members of an Ahmadiyya Muslim group consisting of 25 Indians, 23 Pakistanis and 1 Syrian were arrested in Jeddah. The SAG is in the processing of deporting the 49 plus additional Ahmadiyyas. Muslim authorities consider the Ahmadiyyas to be heretics and apostates because they believe that a nineteenth century Muslim, Hadhrat Mirza Ghulam Ahmad, was the Messiah and a Prophet. Though the SAG has said that it is illegal for the Ahmadiyya to publicly practice their faith, this incident involved the religious police raiding a private religious gathering and subsequent pressure on the Ahmadiyyas to implicate and inform on other members who were not involved in the December 29 meeting. These SAG actions contravene understandings reached previously with Ambassador-at-large for International Religious Freedom John Hanford.

45. (C) On January 25, Sulaimani Ismaili Shi,a prisoner, Hadi Al-Mutif, tried, for the second time in ten days, to commit suicide by swallowing a nail. These suicide attempts follow hunger strikes aimed at getting the attention of the King in order to receive a pardon and release from jail. Reportedly, the SAG has not provided adequate psychological

RIYADH 00000212 010 OF 010

counseling to Al-Mutif though it has provided medical treatment. Al-Mutif was disappointed when the King did not

pardon him along with other Sulaimani Ismaili Shi,a prisoners during his visit to Najran in November.

146. (S) Shi,a throughout the Kingdom, but especially in the Eastern Province, have voiced grave concerns about increasing anti-Shi,a remarks because of increasing Sunni-Shi,a conflicts in the region, especially in Iraq. While insisting that the SAG does not favor any particular sect in Iraq, the SAG has not denounced or punished Sunni clerics for calling Shi,a heretics or calling on Sunni to fight Shi,a. On December 7, thirty eight top Sunni Muslim scholars, notably Shaikh Abdul Rahman Al-Barrak, Abdulaziz Al-Rajehi, and Nassaer Al-Omar, issued a statement urging Muslims to support Sunnis in Iraq. More recently, Shaikh Abdullah bin Jibrin issued a statement condemning Shi,a atrocities against Sunnis in Iraq.

VISA ISSUES

147. (C) In early August, Post discovered several student visa applicants had presented forged Saudi scholarship program award letters with their visa applications. As a result, consular offices added an extra "recall" back to the Ministry of Higher Education (MOHE) in order to recertify bona fides or all MOHE candidates. The new list of student scholarship recipients was announced in late January 2007. Representatives of the consular section and DHS Visa Security Unit will meet with Ministry of Higher Education officials in early February to set the guidelines and parameters for student visa applications. While fewer than last year, these new scholarships are said to be mainly for advanced degrees.

148. (SBU) Consulate General Dhahran began limited non-immigrant visa processing in September for visa referrals, as well as business facilitation cases from Saudi Aramco and the petrochemical sector. Due to resource considerations, the Embassy is now conducting 30 to 40 visa interviews in Dhahran every other week, rather the 15 to 20 every week. A visa officer and a DHS officer go out to Dhahran twice a month to do the interviews and processing.

149. (SBU) Riyadh and Dhahran became the third and fourth pilot posts to begin collecting ten fingerprints from all visa applicants at the end of September. We made no public announcement of this change, and so far have received no negative feedback from applicants. At the end of October, we plan to begin checking all 10-print collections against the FBI,s IAFIS fingerprint database, along with the other two pilot posts. Early indications are that the ten fingerprints are identifying problem cases not found through the older two-fingerprint collections.
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